

The Economic Impact of Oaklawn Hospital On the Marshall Area

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- Questions

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Summary of Findings

- In 2009, Oaklawn Hospital employed 794 employees in Calhoun County with 668 employees who worked at its main campus.
- By 2014, the hospital expects to employ 944 persons in the county, of which 834 employees will be working in the Marshall area. *Today, the hospital employs 908 workers system wide.*
- In 2009, the hospital paid approximately \$40.8 million in wages and salaries in the county with the just under \$40 million paid to its employees in the Marshall area.

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Summary of Findings

- In 2009, the hospital supported an estimated 208 additional jobs in the Marshall area. *Every 10 hospital workers generated approximately three additional workers in the Marshall area.*
- Oaklawn Hospital generated nearly \$50 million in personal earnings in the Marshall area in 2009. *Every \$100 dollar in wages and salaries paid out by the hospital generated an additional \$11 in wages and salaries in the area.*

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Approach and Methodology

- The key assumption to this study is that Oaklawn Hospital is part of Marshall's economic base. ***The hospital bring in new dollars into the area and retains dollars that would be leaving the area.***
- The key test to determine if the hospital is part of the city's economic base is this question:
 - ***If the hospital were to close, would another hospital come in to take it place?***
- Historical trends in other cities would suggest no.

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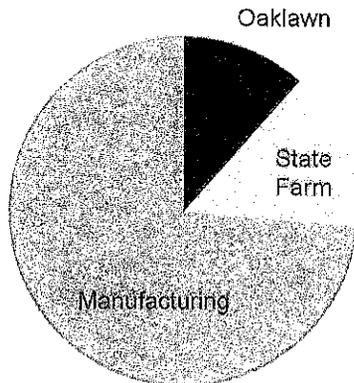
Approach and Methodology

- The Upjohn Institute's REMI model for Calhoun County was used. The REMI model has three components:
 - Input-Output Model
 - Relative cost Model
 - Forecasting Model
- The impact on Marshall was estimated by identifying its share of County's economic activity.

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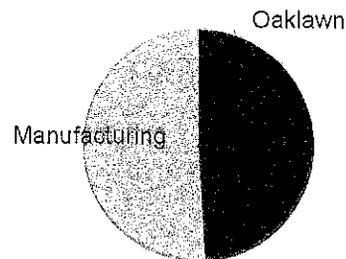
Identifying the Importance of Oaklawn Hospital to Marshall's Economic Base

1996 Share of Base



Total employment: 4,100

2009 Share of Base



Total Employment: 1,600

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Review of the Literature on the Importance of Hospitals to Rural Areas and Small Cities

- Health care directly provides 10 to 15 percent of the jobs in many rural counties (Wakefield 2000).
- When businesses consider location, schools and health services are the most important quality-of-life factors influencing their choices and a strong health care system also attracts retirees (Wakefield 2000).
- A review of other studies reached a consensus employment impact of four additional jobs in the rural areas for every 10 hospital workers (Doeksen, et. al. 1997).

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Review of the Literature on the Importance of Hospitals to Rural Areas and Small Cities

- Scorsone E. (2004) found four major economic roles for health care:
 - rural health care services keep local dollars at home within the community,
 - they attract external dollars into the community from outside the local area
 - the local health care system attracts and retains industries and companies into the community
 - the health care system can promote a healthy and productive workforce within a rural community.
- Using an economic impact model, he found that every 10 hospital jobs generated 2.3 additional jobs in his study of Marshall County Tennessee.

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Review of the Literature on the Importance of Hospitals to Rural Areas and Small Cities

- However, others found contradictory results:

Ona, et. al. (2007) and Pearson et. al (2004) both used an alternative quasi-experimental approach that tracked and compared small rural areas that witnessed a hospital closing with similar areas where the hospitals stayed open.

Their main finding was that they could not find any significant economic differences in the growth rate of these two areas.

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Employment Impact of Oaklawn Hospital on the Marshall Area

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 |
|-------------------------------------|------------|-------------|-------------|-------------|-------------|-------------|
| Oaklawn Hospital | 769 | 789 | 804 | 819 | 827 | 834 |
| Indirect Impact | | | | | | |
| Construction | 12 | 16 | 18 | 19 | 19 | 19 |
| Manufacturing | 2 | 0 | -1 | -2 | -4 | -5 |
| Retail Trade | 27 | 29 | 30 | 31 | 31 | 31 |
| Finance and Insurance | 4 | 4 | 4 | 3 | 3 | 3 |
| Real Estate & Rental | 5 | 5 | 5 | 5 | 5 | 5 |
| Professional and Technical Services | 6 | 6 | 6 | 6 | 6 | 6 |
| Administrative and Waste Services | 34 | 35 | 35 | 35 | 35 | 35 |
| Health Care and Social Assistance | 46 | 47 | 47 | 48 | 49 | 50 |
| Accommodation and Food Services | 17 | 19 | 20 | 21 | 22 | 23 |
| Other services | 24 | 25 | 24 | 24 | 23 | 22 |
| Government | 32 | 33 | 34 | 35 | 35 | 35 |
| Total Direct Impact | 208 | 219 | 223 | 225 | 225 | 224 |
| Total Impact | | | | | | |
| Total Employment Impact | 977 | 1008 | 1027 | 1044 | 1052 | 1058 |

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Conclusions

- Oaklawn Hospital creates jobs and income in the city and surrounding townships.
 - In addition to the direct jobs, indirect jobs are added among the area's retailers, the hospital's local suppliers and contractors, and other employers in the Marshall area.
- Moreover, the hospital generates many middle-skilled, middle-wage jobs that provide employment opportunities and careers ladders for area residents.

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Conclusions

- Oaklawn Hospital increases the attractiveness of the city to potential employers and to new and existing residents.
- Finally, Oaklawn Hospital is the major economic anchor to the city's downtown and helps to support the property values of the downtown commercial district, as well as the neighboring residential area.

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Thank you

Questions?

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